

# **FISCAL NOTE**

## **HB 3919 - SB 4010**

February 8, 2008

**SUMMARY OF BILL:** Adds any facility for which hockey is played in to the definition of “sports and recreational facilities” as defined under current law regarding sports authorities; extends from January 1, 2011 to January 1, 2012, the deadline for which any new full-time employee jobs must be created, as it applies to eligibility for job tax credits useable against a taxpayer’s franchise and/or tax liability; extends tax incentives, which are currently available to the National Hockey League, the Central Hockey League, and the East Coast Hockey League, to the Southern Professional Hockey League (SPHL).

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – \$157,500**

**Increase Local Revenue – \$157,500**

**Other Fiscal Impact – Additional foregone state revenue, and offsetting increases to local government revenue, of unknown amounts if additional Southern Professional Hockey League teams locate in Tennessee as a result of this legislation. In addition, there could be a subsequent decrease of state revenue of an unknown amount estimated to exceed \$50,000 in FY11-12 occurring as a result of extending the deadline for creating a required number of jobs in order to be eligible for job tax credits.**

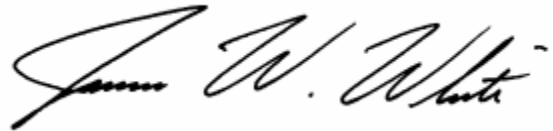
Assumptions:

- This bill authorizes future allocations of state tax revenue generated at any facility hosting Southern Professional Hockey League games, which are derived from admissions, concessions, parking, related services, and authorized franchise goods, to the municipality where such facility is located.
- The Knoxville Ice Bears are a SPHL team.
- Average ticket price to attend SPHL games is estimated to be \$15.
- Average attendance is estimated to be 2,500 per game.

- 40 home games per year.
- Admissions revenue is estimated to be \$1,500,000 ( $2,500 \times \$15 \times 40 = \$1,500,000$ ) per year.
- Consumer expenditures for concessions, parking, related services, and franchised goods are estimated to be 50% of admission revenue (\$750,000).
- Total taxable revenue is estimated to be \$2,250,000 per year.
- The current state sales tax rate is 7.0%.
- The decrease of state revenue is estimated to be \$157,500 ( $\$2,250,000 \times 7.0\% = \$157,500$ ) per year.
- The increase to local government revenue is estimated to be \$157,500 per year.
- Extending the new jobs deadline for franchise and excise taxpayers for one year after January 1, 2011, could result in a decrease to state revenue in FY11-12. Given the minimum of 25 jobs, and the maximum \$2,000 tax credit per job created, if one taxpayer benefits from the extension that would not have under current law, then the decrease to state revenue would be \$50,000 in FY11-12.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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